

Administration of Barack H. Obama, 2009

Letter to Congressional Leaders Transmitting an Alternative Plan for Pay Increases for Civilian Federal Employees

November 30, 2009

Dear Madam Speaker: (Dear Mr. President:)

I am transmitting an alternative plan for locality pay increases for civilian Federal employees covered by the General Schedule (GS) and certain other pay systems in January 2010.

Under title 5, United States Code, civilian Federal employees covered by the GS and certain other pay systems would receive a two-part pay increase in January 2010: (1) a 2.4 percent across-the-board adjustment in scheduled rates of basic pay derived from Employment Cost Index data on changes in the wages and salaries of private industry workers, and (2) locality pay adjustments averaging 16.5 percent based on Bureau of Labor Statistics salary surveys of non-Federal employers in each locality pay area. According to the statutory formula, for Federal employees covered by the locality pay system, the overall average pay increase would be about 18.9 percent. This total Federal employee pay increase would cost about \$22.6 billion in fiscal year 2010 alone.

Title 5, United States Code, authorizes me to implement an alternative pay plan if I view the adjustments that would otherwise take effect as inappropriate due to "national emergency or serious economic conditions affecting the general welfare." As in August, when I submitted an alternative plan under 5 U.S.C. 5303(b) to limit the across-the-board increase in 2010 to 2.0 percent, I have determined that it is appropriate to exercise my statutory alternative plan authority under 5 U.S.C. 5304a to set alternative January 2010 locality pay rates.

A national emergency, within the meaning of chapter 53 of title 5, has existed since September 11, 2001. Likewise, our country continues to face serious economic conditions affecting the general welfare and most Americans would not understand or accept that Federal employees should receive an average pay increase of 18.9 percent while many of their fellow citizens are facing employment cutbacks or unemployment. Such an increase would cost \$19.9 billion more than the 2.0 percent overall Federal civilian pay increase that I proposed in my 2010 Budget and would build in later years.

Accordingly, I have determined that under the authority of section 5304a of title 5, United States Code, the locality pay percentages currently in effect as shown in the attachment shall remain in effect in 2010.

The law requires that I include in this report an assessment of the impact of my decision on the Government's ability to recruit and retain well-qualified employees. As I said in August, I do not believe this decision will materially affect our ability to continue to attract and retain a quality Federal workforce. Since any pay raise above the amount proposed in this alternative plan would likely be unfunded, agencies would have to absorb the additional cost and could have to reduce hiring to pay the higher rates. Moreover, the GS "quit" rate continues to be very low (2.1 percent on an annual basis), well below the overall average "quit" rate in private enterprise.

Sincerely,

BARACK OBAMA

NOTE: Identical letters were sent to Nancy Pelosi, Speaker of the House of Representatives, and Joe Biden, President of the Senate.

Categories: Communications to Congress : Federal employees, pay increases, letter transmitting alternative plan.

Subjects: Government organization and employees : Pay increases.

DCPD Number: DCPD200900959.